

2012 Legislative Update

HB255 (Act 2012-302) allows retirement contributions on overtime pay with a cap of 120% of base pay for all members of the TRS and the ERS (including local units).

SB213 (Act 2012-412) requires teachers and state employees convicted of a felony offense related to their public position to forfeit their right to lifetime retirement benefits. However, the employee would receive a refund of his or her retirement contributions. This legislation is not retroactive and does not affect any member that has already been found guilty of an offense.

SB388 (Act 2012-377) creates a Tier 2 Defined Benefit plan for all TRS and ERS members hired on or after January 1, 2013. New state employees and teachers will pay lower contribution rates, but will not be able to draw a retirement benefit until they reach age 62. State Police, law enforcement, firefighters, and correctional officers will be able to draw a benefit at age 56. (Local agencies that did not increase employee contributions last year will have an increase in employee contributions.)

TIER 2 Retirement Benefits

Members hired for the first time on or after January 1, 2013

- No 25-year retirement benefits
- Retirement benefits for members of TRS at age 62
- Retirement benefits for Firefighters, Law Enforcement, Correctional Officers (FLC) at age 56
- Retirement Benefit Factor:
 - All TRS members – 1.65%
- Average Final Salary – the average of the highest five years out of the last ten years
- Member Contribution Rate:
 - Regular Employee – 6%
 - FLC – 7%
- No bonus years for FLC
- No Sick Leave Conversion
- Benefit cap of 80% of Average Final Salary
- Earnable Compensation shall not exceed 125% of base pay
- New disability standard for new hires